

Article - Public Utilities

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§6–101.

(a) (1) This subsection:

(i) applies only to corporations that operate in Maryland; and

(ii) does not apply to a transaction in which the capital stock of a telephone company is acquired by another entity with a greater than 50% ownership in common with the telephone company.

(2) Except as provided in paragraph (4) of this subsection, a public service company shall obtain authorization from the Commission before the public service company:

(i) assumes or guarantees an obligation or liability with respect to stocks, bonds, securities, notes, or other evidence of indebtedness of any person that is payable wholly or partly more than 12 months after the date of the assumption or guarantee;

(ii) issues stocks, bonds, securities, notes, or other evidence of indebtedness that is payable wholly or partly more than 12 months after the date issued; or

(iii) lends money to an affiliate, as defined in § 7–501 of this article, at rates or on terms that are significantly more favorable to the affiliate than the rates or terms that are otherwise commercially available to the affiliate.

(3) An issuance under paragraph (2)(ii) of this subsection shall conform to §§ 6–102 and 6–103 of this subtitle.

(4) Prior authorization of the Commission is not required for an assumption or guarantee under paragraph (2)(i) of this subsection or an issuance under paragraph (2)(ii) of this subsection made by a gas company, electric company, or telephone company whose gross annual revenues, for the most recent calendar year for which data are available, are less than 3% of the total gross annual revenues of all public service companies in the State during the same calendar year, if the gas company, electric company, or telephone company:

(i) provides prior written notice to the Commission of the transaction; and

(ii) obtains approval of the transaction from the entity in another state that regulates the gas company, electric company, or telephone company.

(b) (1) Subject to the requirements of subsection (c) of this section, the Commission may authorize an act described under subsection (a)(2) of this section if the Commission finds that the act is consistent with the public convenience and necessity.

(2) Authorization under this subsection does not:

(i) revive a lapsed franchise, validate an invalid franchise, or add to the powers and privileges in a franchise; or

(ii) waive a forfeiture.

(c) (1) This subsection does not apply to the formation of a holding company by a public service company in a corporate reorganization that involves an exchange of stock of the public service company for stock in the holding company.

(2) In this subsection, a company controlling a public service company is deemed a public service company of the same class as the controlled public service company.

(3) Without prior authorization of the Commission, a public service company may not take, hold, or acquire any part of the capital stock of a public service company that:

(i) operates in Maryland; and

(ii) is of the same class as the acquiring company.

(4) (i) Except as provided in subparagraph (ii) of this paragraph, a stock corporation may not take, hold, or acquire more than 10% of the total capital stock of a public service company that operates in Maryland unless:

1. the stock is acquired as collateral security; and

2. the Commission approves the acquisition.

(ii) The Commission may authorize a public service company of the same class to take, hold, or acquire more than 10% of the total capital stock of a public service company that operates in Maryland.

(5) A public service company may not be a party to a violation of this subsection.

(6) Notwithstanding paragraph (2) of this subsection, § 6–105 of this subtitle shall apply, and the provisions of this subsection do not apply, to the acquisition, ownership, or disposition of any capital stock or voting securities of a company that controls, directly or indirectly, a gas and electric company.

(7) Notwithstanding any other provision of this subsection, the Commission may authorize, in accordance with § 6–105 of this subtitle, the taking, holding, or acquiring of all or any part of the capital stock of a gas and electric company that operates in the State by a stock corporation or a public service company that is not of the same class as the gas and electric company.

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